



## CONSTRUCTION BULLETIN

Volume XXVII

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Number 41

*Real Estate Economists, Appraisers and Counselors*

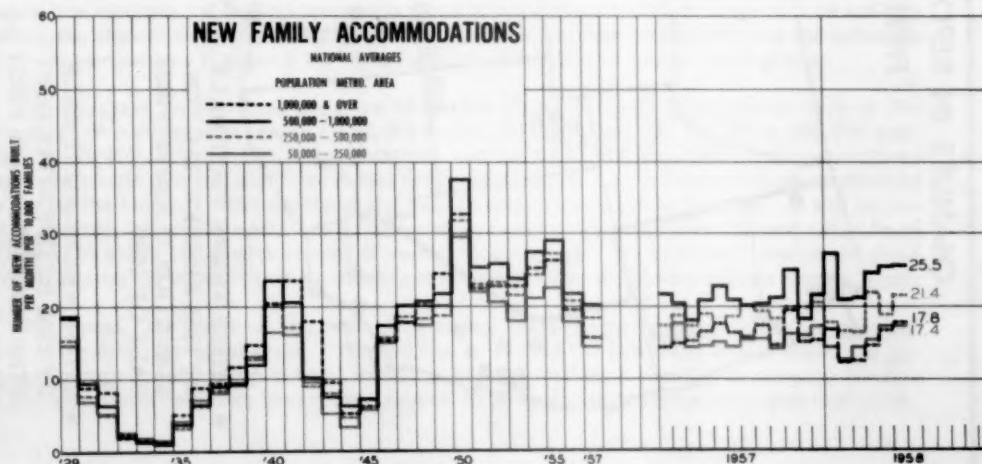
### RESIDENTIAL CONSTRUCTION SOARS AHEAD IN SECOND QUARTER OF 1958

**S**ELDOM have we experienced such a sharp reversal of trend in residential construction as occurred in the second quarter of this year. The sudden rise, however, was not sufficient to offset the substantial decline that took place during the first quarter of 1958. As a result, the first 6 months average is still slightly below the level of last year.

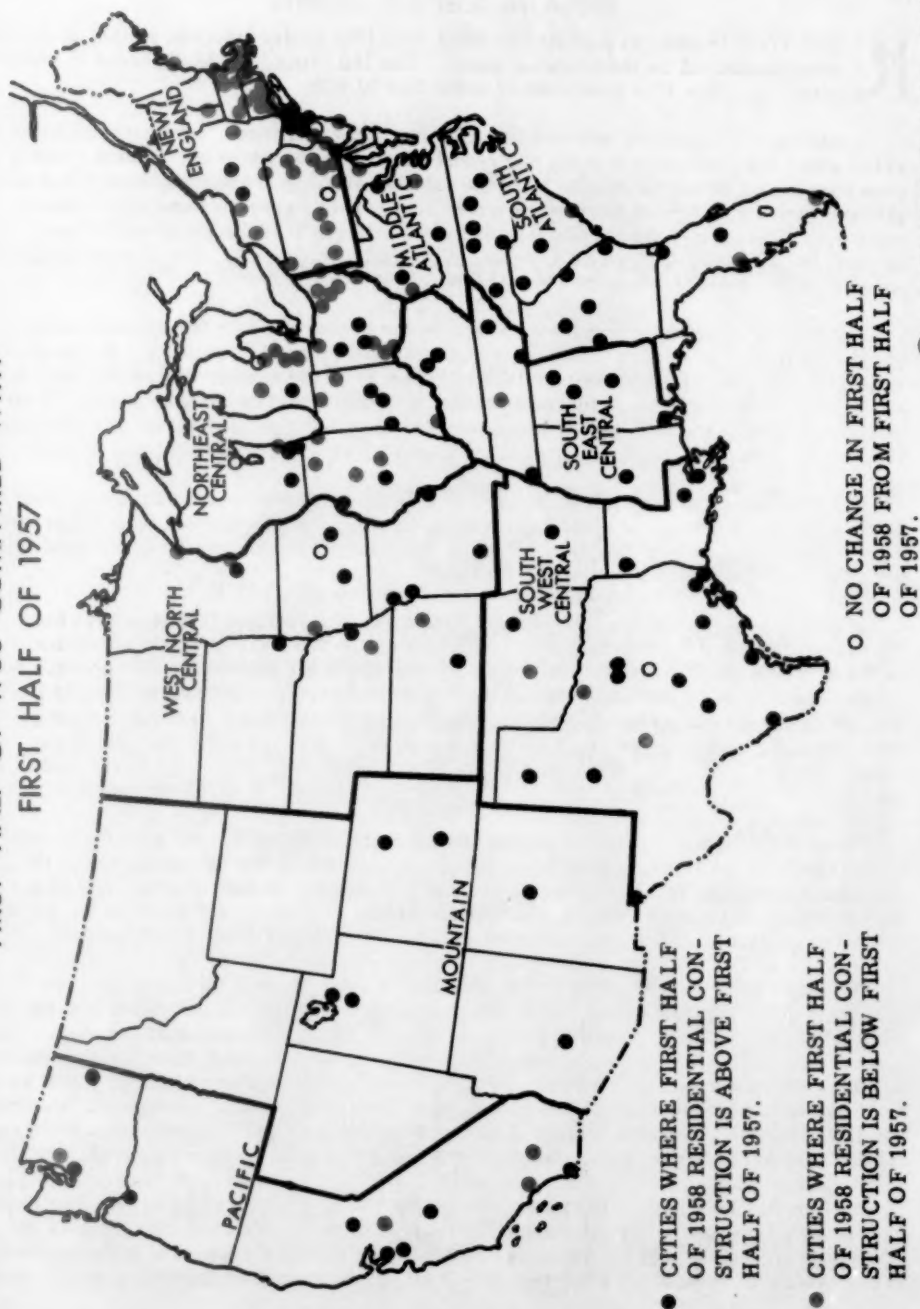
In the first 3 months of 1958 home building dropped sharply, feeling the effects of the recession then in progress. However, the decline proved short-lived, and residential construction rebounded sharply in the second quarter.

Private home building has revived since April, but at the close of the second quarter was still below the corresponding period of 1957. In contrast to this, public construction shot ahead at an accelerated rate, being one of the major factors contributing to the sharp upturn as a whole. Apartment building headed the comeback, due in part to the large number of people reaching 20 years of age each year and urban dwellers possibly slowing their move to the suburbs.

(cont. on page 432)



# CHANGES IN REPORTED VOLUME OF RESIDENTIAL CONSTRUCTION FIRST HALF OF 1958 COMPARED WITH FIRST HALF OF 1957



## EXPLANATION OF CHARTS

**R**ESIDENTIAL building in all metropolitan areas of the United States as defined by the 1950 Census is charted on the following pages. The 168 areas include all areas in which the central city had a 1950 population of more than 50,000.

In each city all suburbs, incorporated and unincorporated areas, have been contacted and every effort has been made to make this report as complete as possible. In most cities it has been possible to include practically all of the suburbs within the metropolitan area. For example, the New York City and Northeastern New Jersey area figures include the building in 344 suburban communities; the Chicago area includes building in 174 suburban communities; Philadelphia, 198; Detroit, 110; Los Angeles, 61; and Cleveland, 65. In all, more than 2,300 communities are represented in these charts.

On the charts the figures are expressed as the number of new family units started per 10,000 families in each metropolitan area as indicated by building permits. In non-permit-issuing areas, we requested the tax clerk to report to us the number of dwelling units added to the tax roll each month. In this computation, a single-family dwelling counts 1, a 2-family dwelling counts 2, and a 24-family apartment counts 24. All public housing and war housing projects have been included, along with buildings that were privately built and financed.

The blue italicized numerals on each chart give the number of new family accommodations built in the last 3 months for which figures are available. These are actual figures and are not adjusted for the number of families. The red italicized numerals give the corresponding figures for the corresponding period of a year ago.

It should be noticed on the individual charts that separate averages (medians) have been used for four groupings of metropolitan areas. The average number of new family accommodations built per month per 10,000 families is shown from 1929 to the present for metropolitan areas having from 50,000 to 250,000 people (the solid red line); for areas having from 250,000 to 500,000 people (the beaded red line); for areas having from 500,000 to 1,000,000 people (the dash-dot line); and for those areas having a population of over 1,000,000 (the dashed red line). Ninety-one areas fall into the first category; 44 into the second; 19 into the third; and 14 into the fourth.

On each area chart is shown in red the national average for areas in its grouping in contrast to the blue line, which shows the figures for the specific area. The averages used on the area charts are medians. A median average is found by arranging the data in order of size and selecting the amount at the midpoint. Because a median average thus eliminates the influence of the two extremes, it gives a very good picture of the typical area in each group.

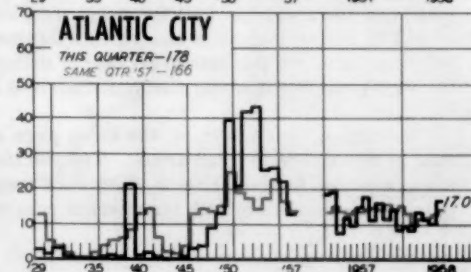
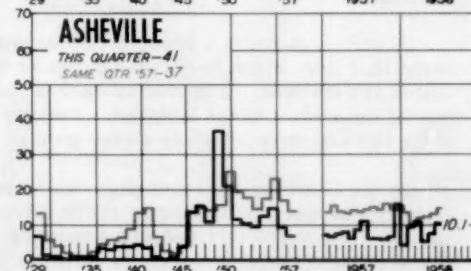
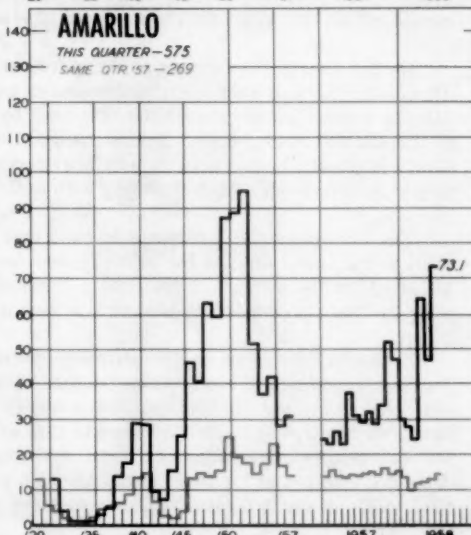
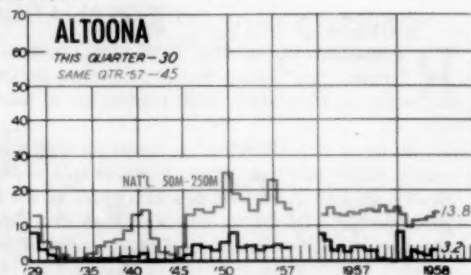
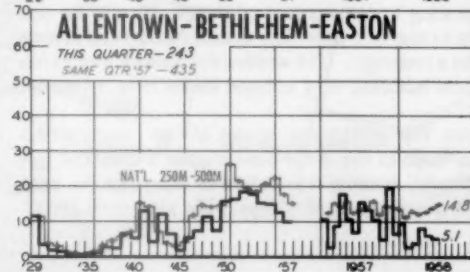
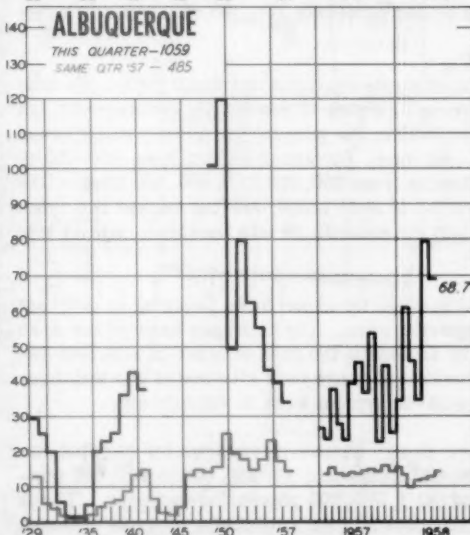
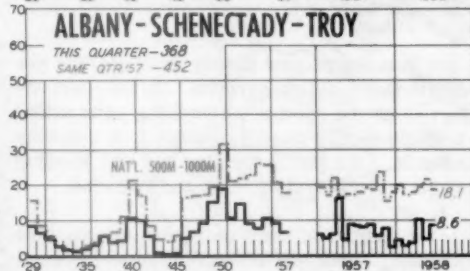
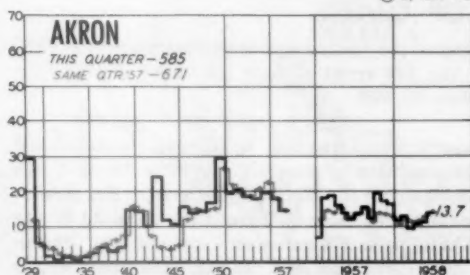
On the chart on the front page we have also shown national averages for each of the groupings of metropolitan areas: (1) 50,000 to 250,000 population; (2) 250,000 to 500,000 population; (3) 500,000 to 1,000,000 population; and (4) 1,000,000 population and over. These averages should more properly be called arithmetic means. An arithmetic mean is obtained by adding the amounts of all the items and then dividing by the number of items. It will be noticed that the arithmetic mean, being influenced by areas with a greatly accelerated rate of new building, is above the median average of each of the groupings. The arithmetic means are given for each grouping in order that a comparison of new building on a volume basis may be made.

We repeat, the chart on the front page shows the arithmetic mean of the construction rate in the different-sized areas. The red line on each of the individual charts shows the national average for the group in which each area belongs, making it possible to compare the rate in one area (blue line) with the average rate of all other areas of comparable size (red line).

# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

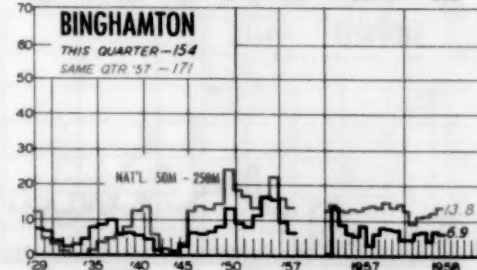
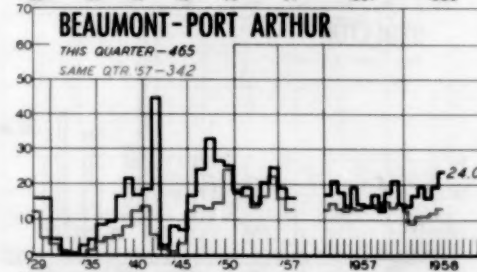
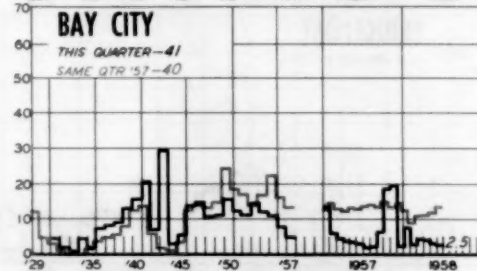
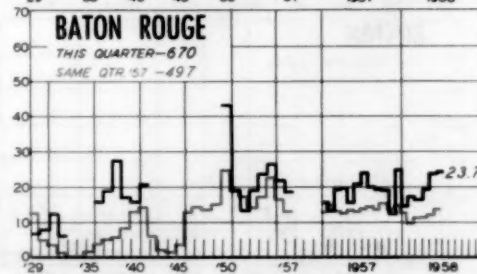
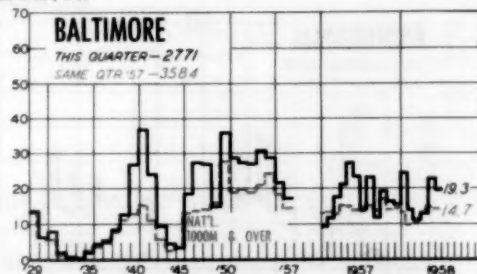
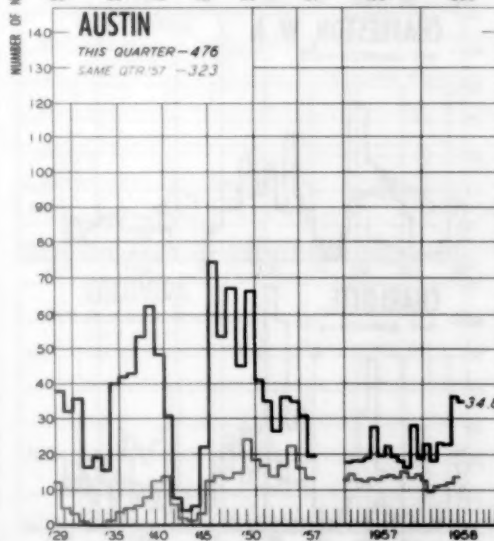
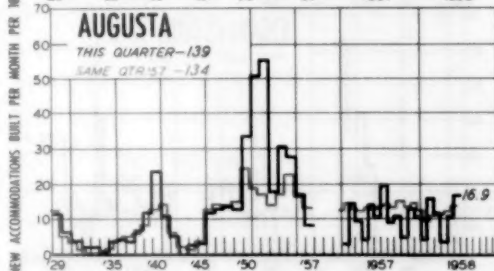
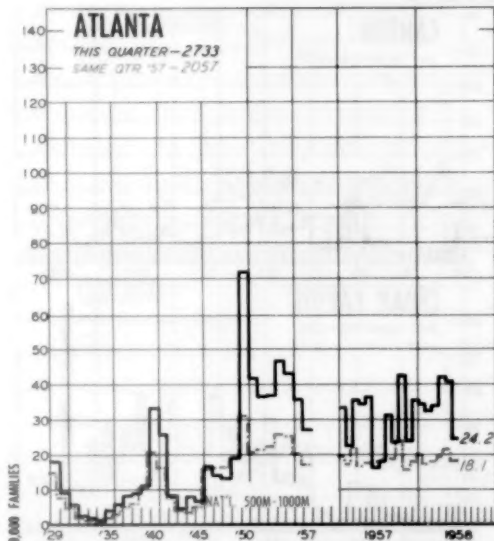
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



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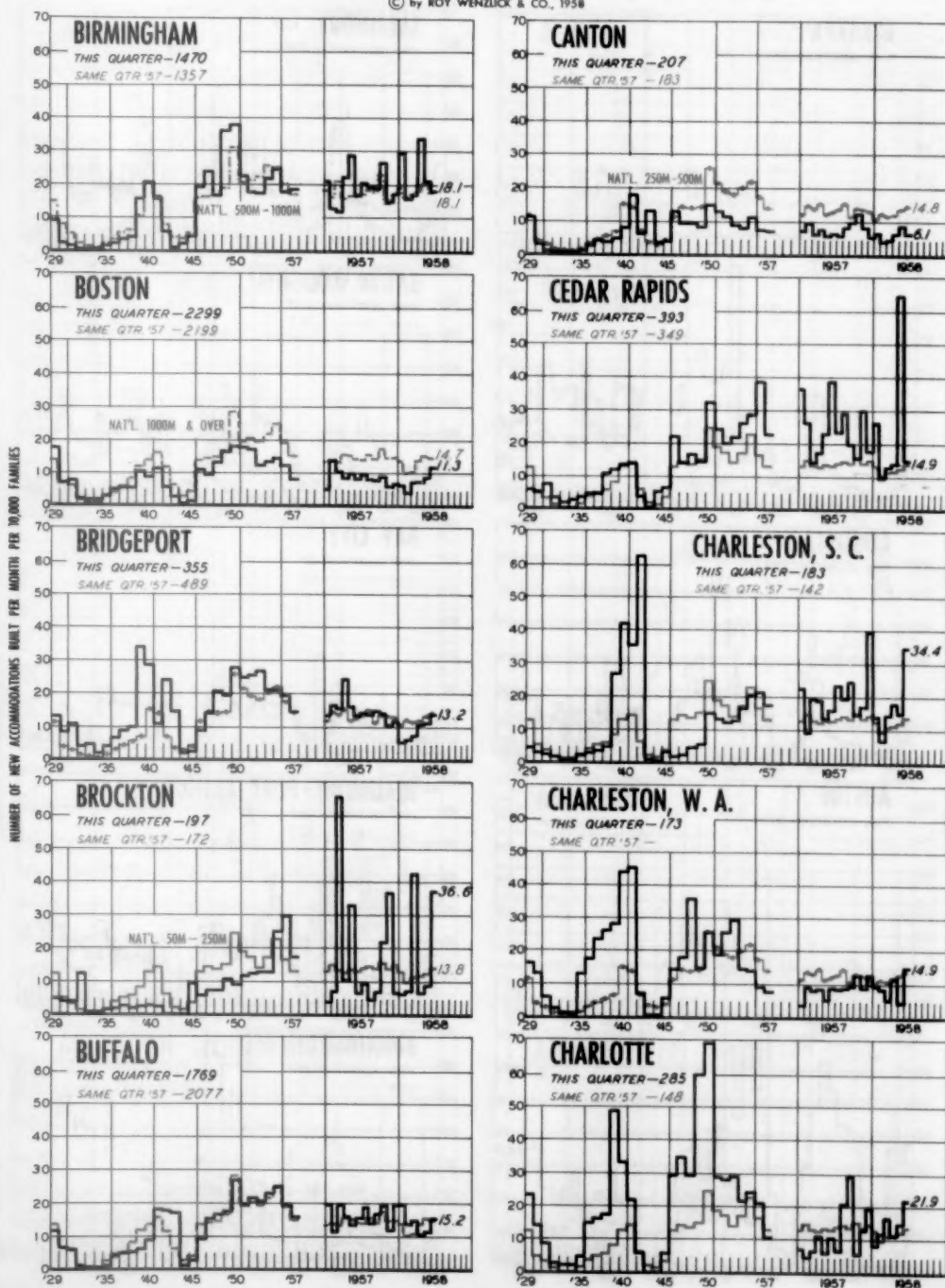
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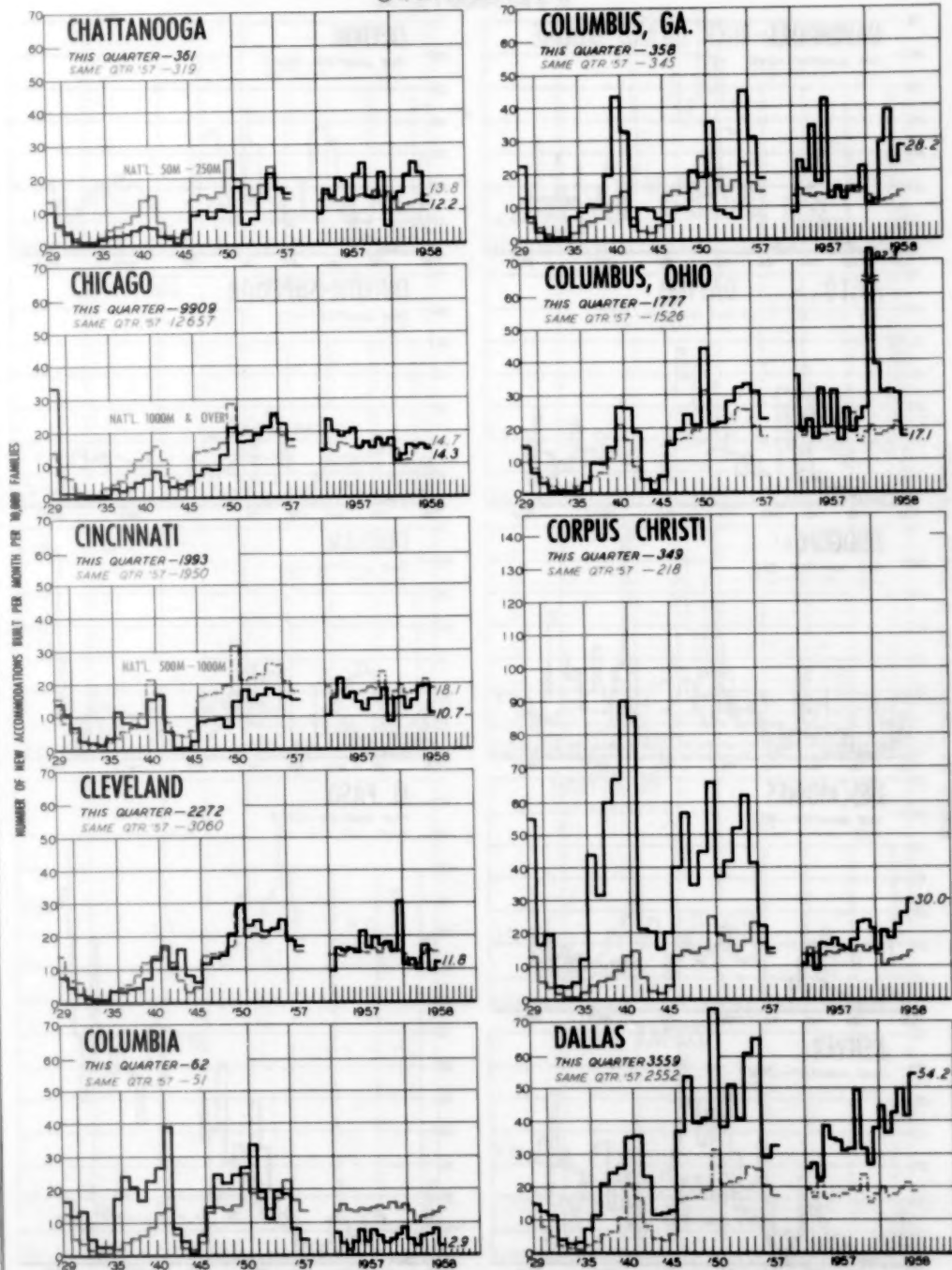
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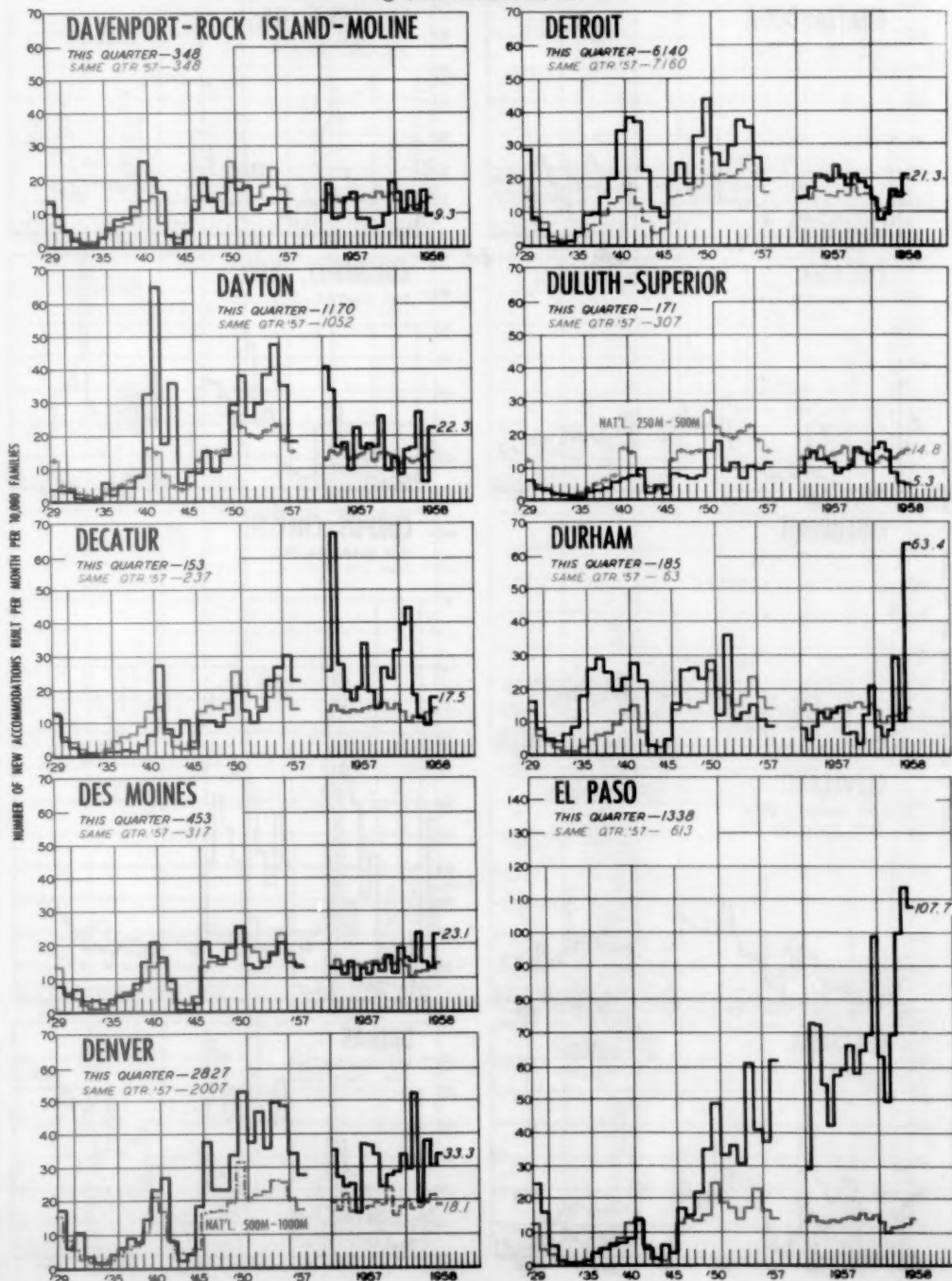
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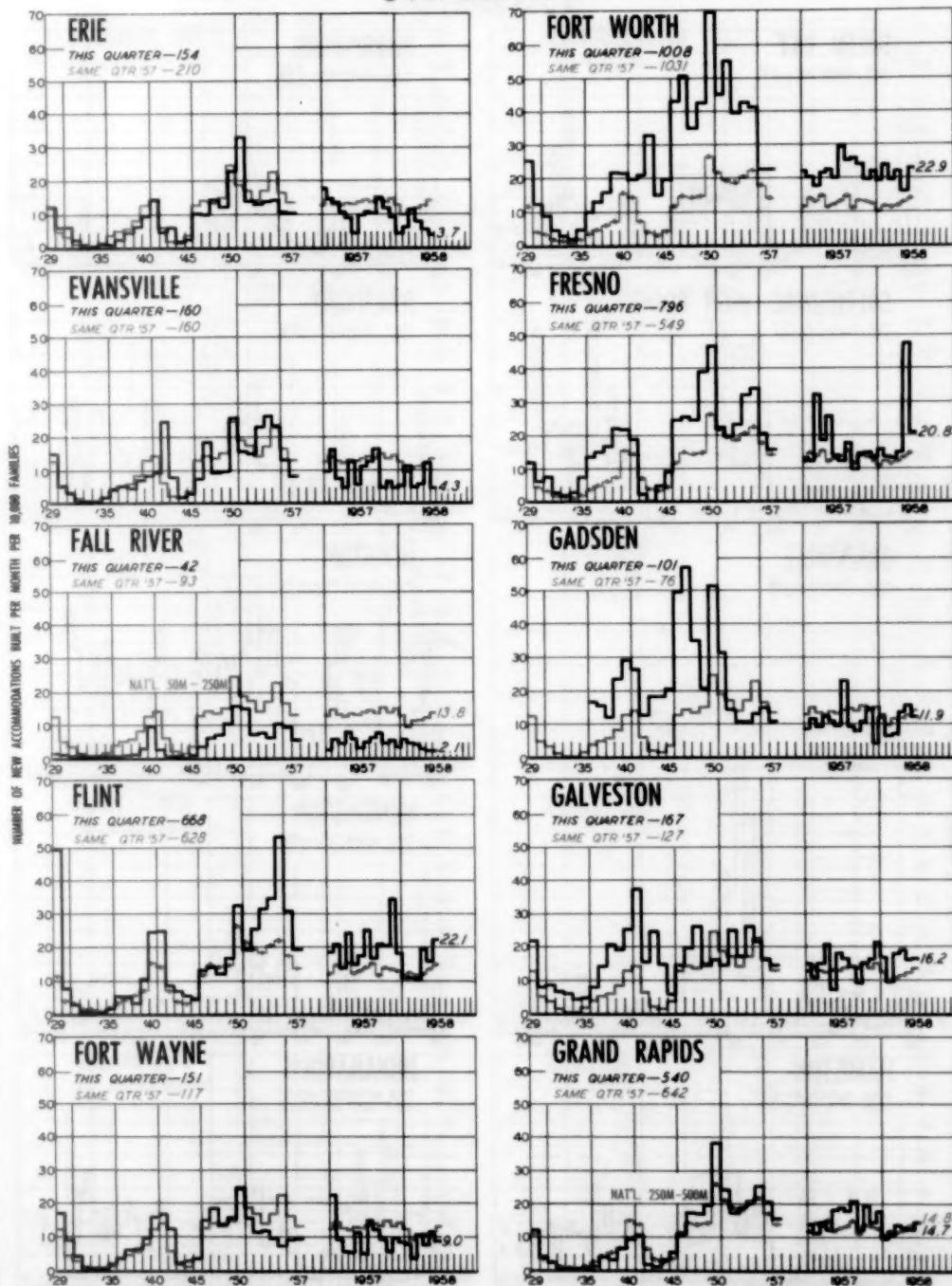
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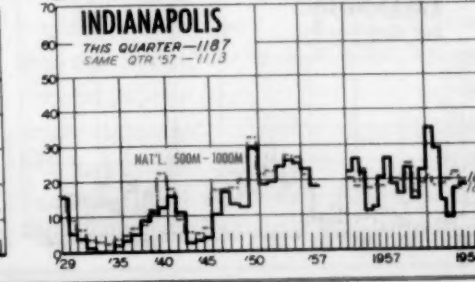
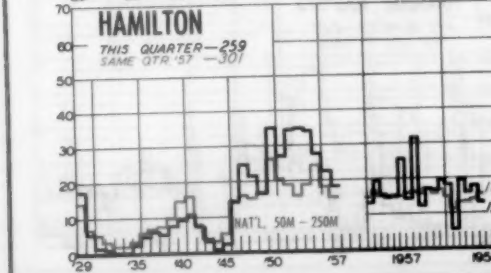
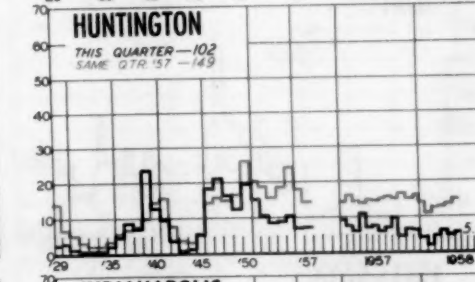
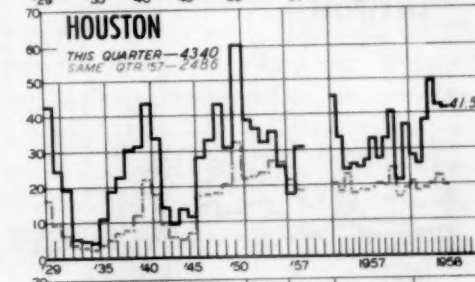
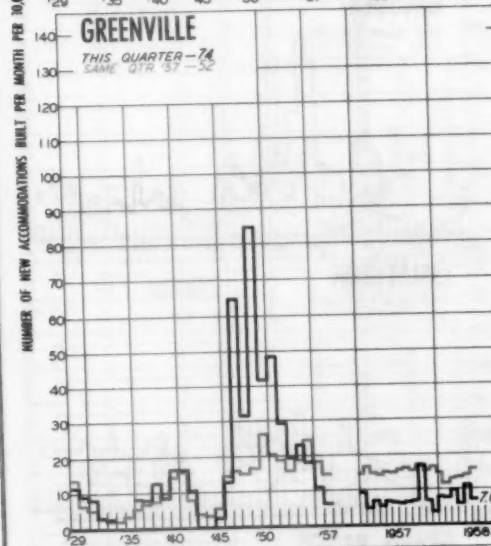
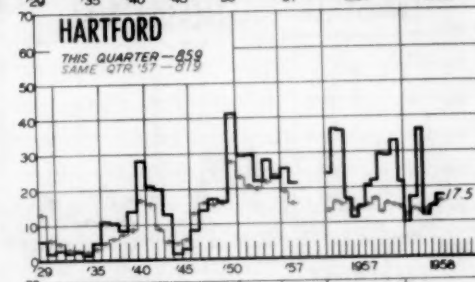
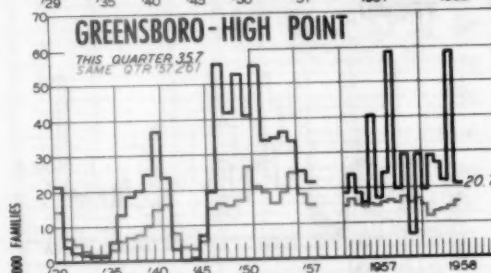
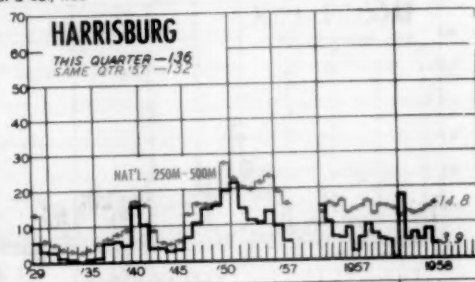
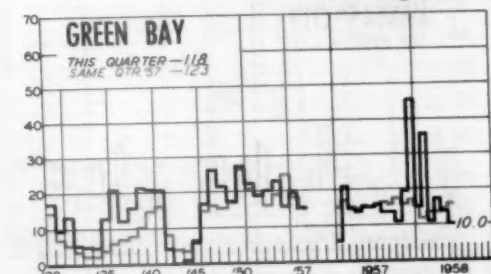
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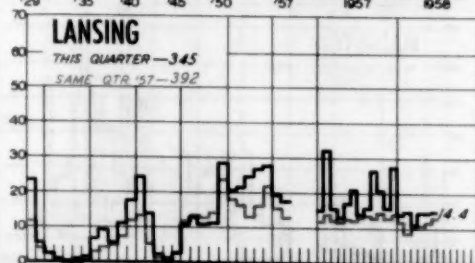
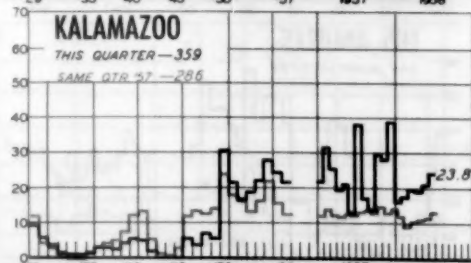
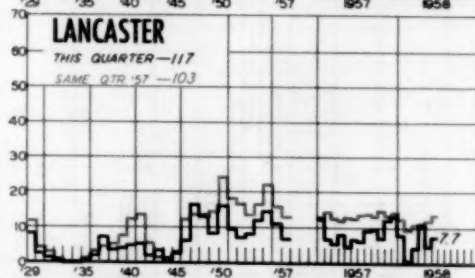
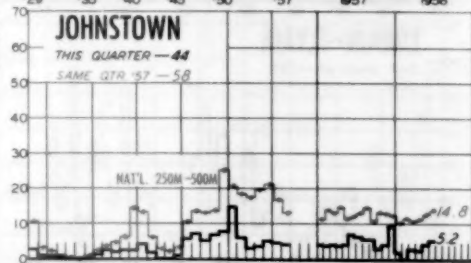
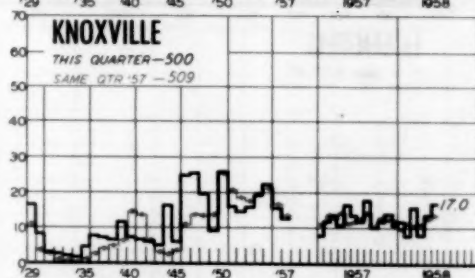
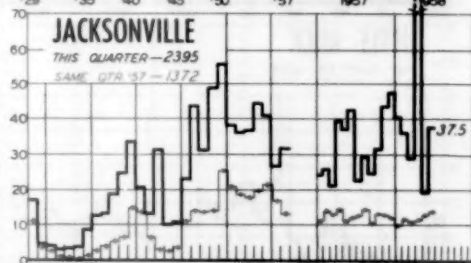
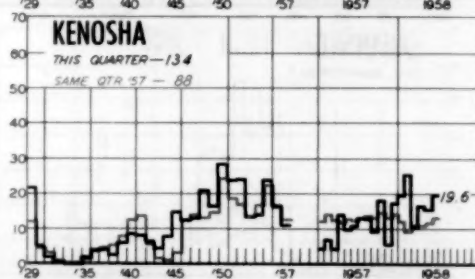
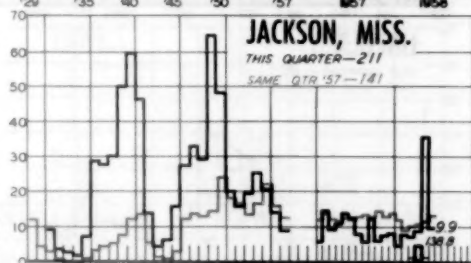
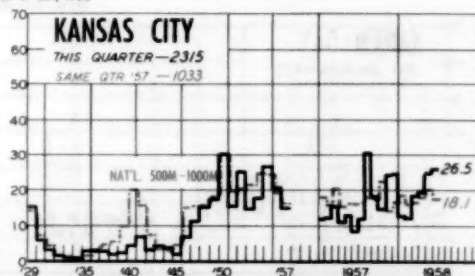
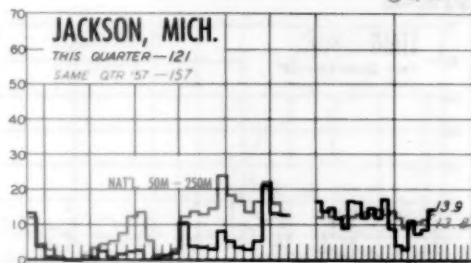
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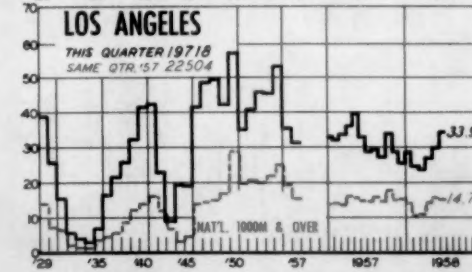
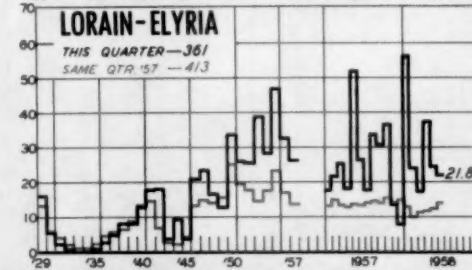
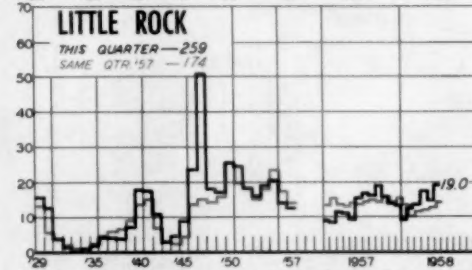
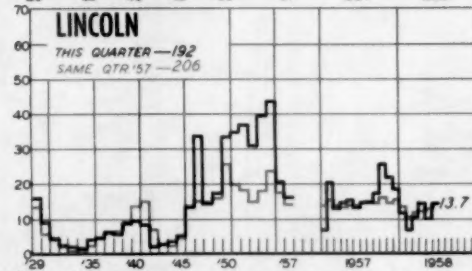
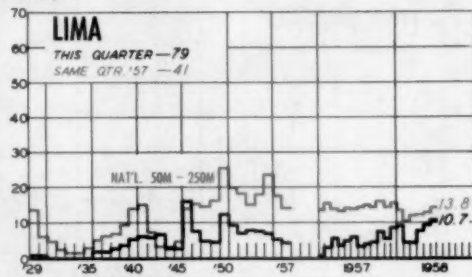
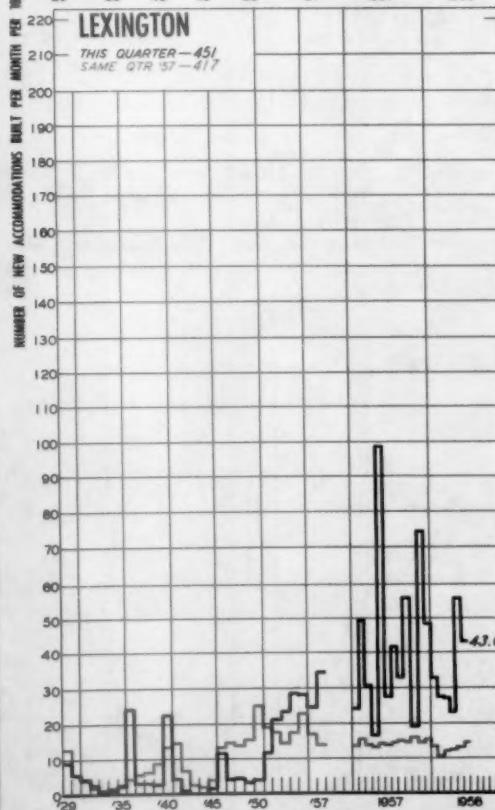
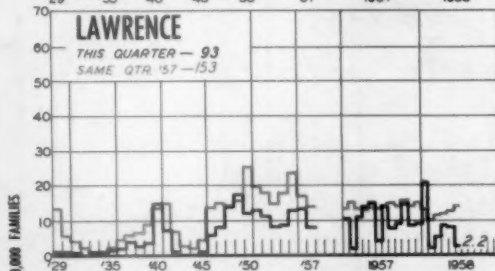
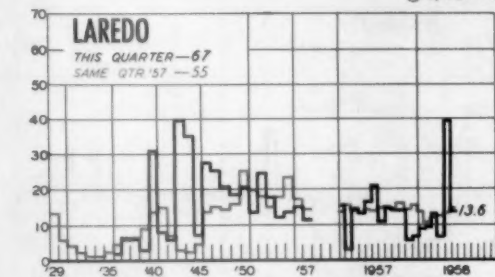
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



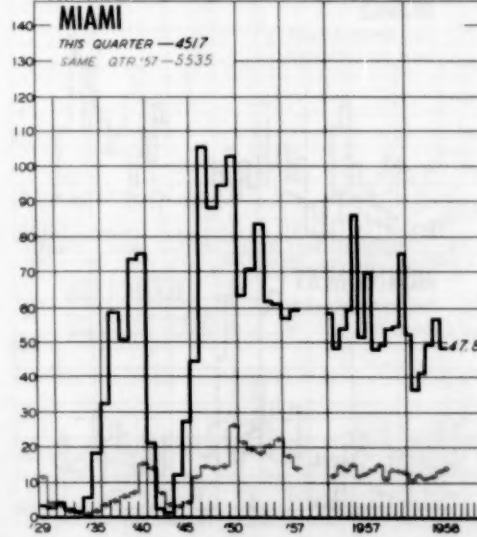
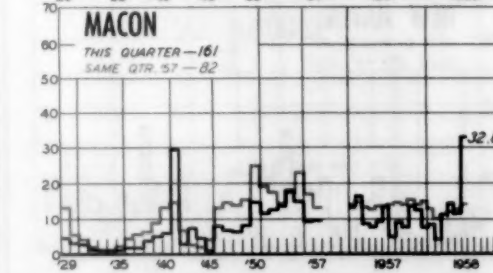
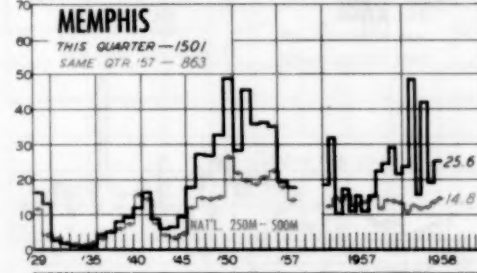
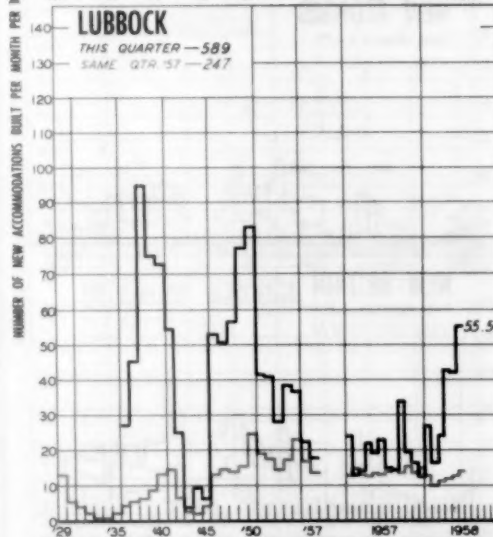
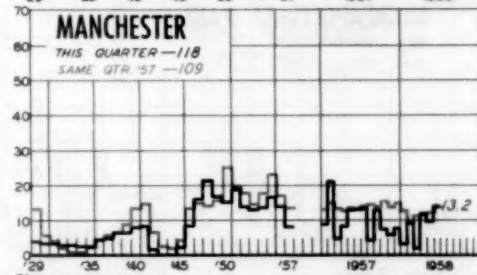
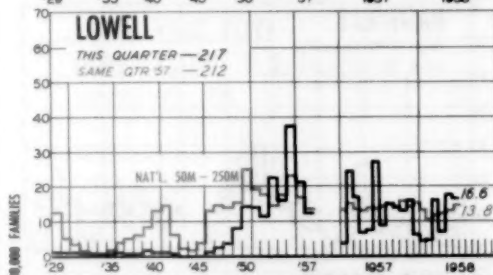
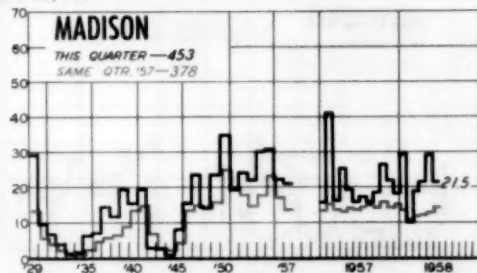
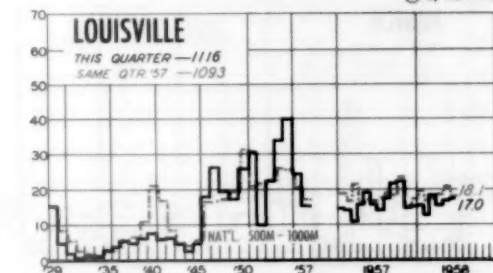
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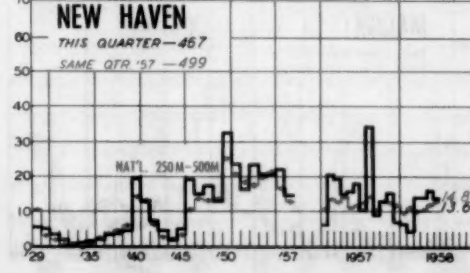
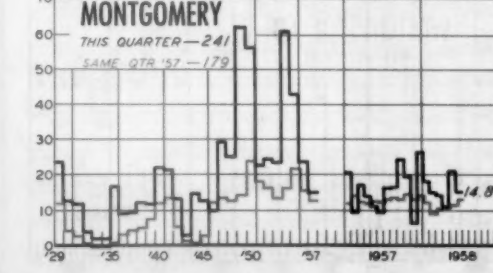
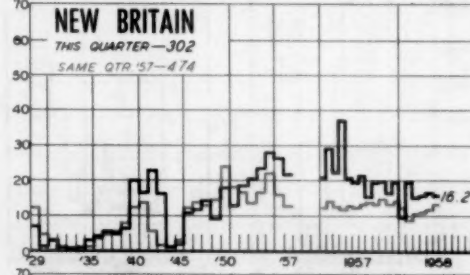
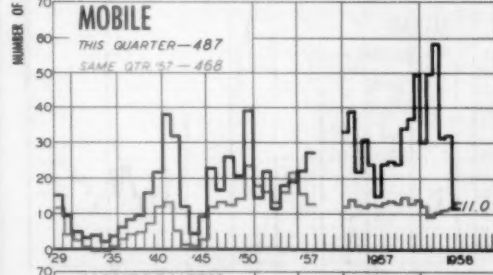
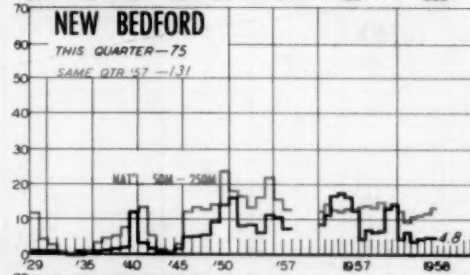
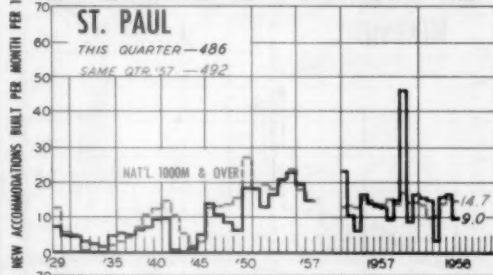
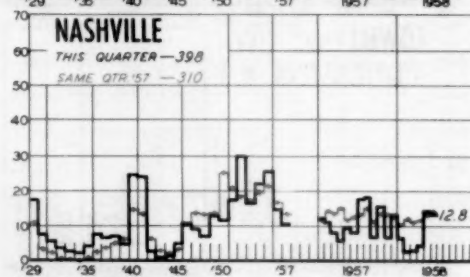
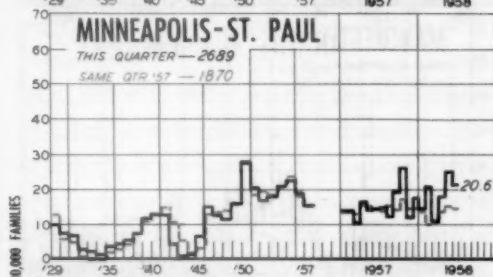
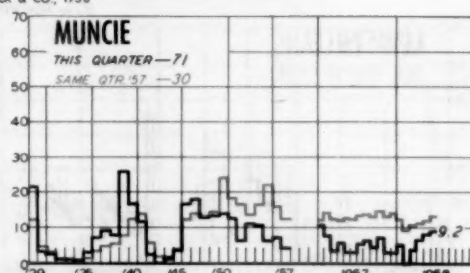
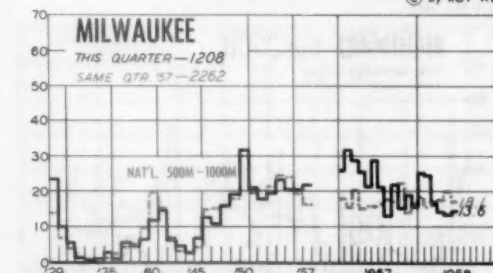
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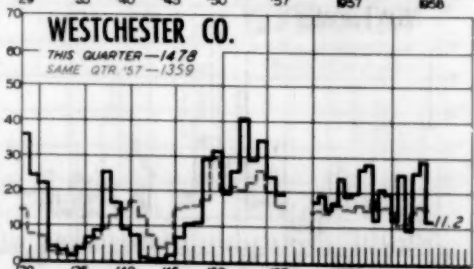
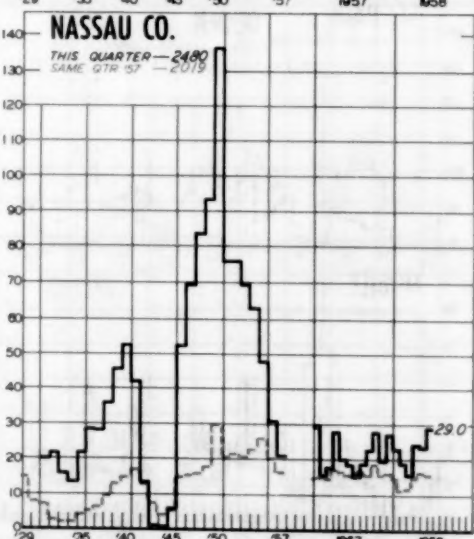
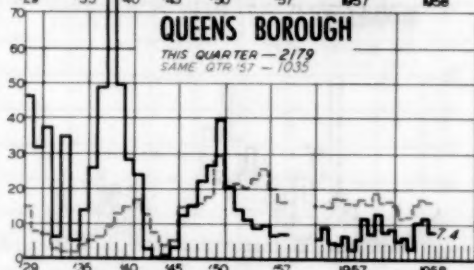
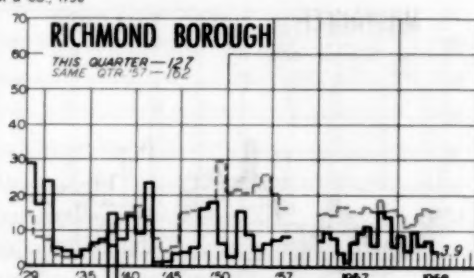
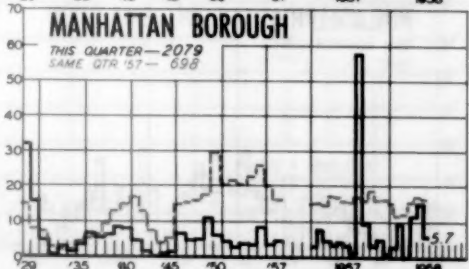
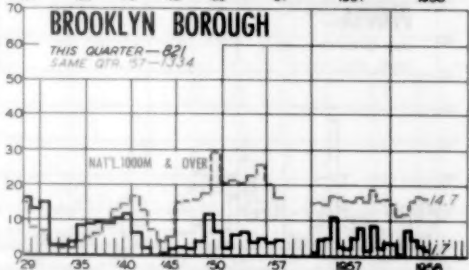
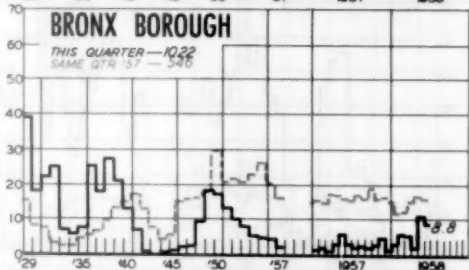
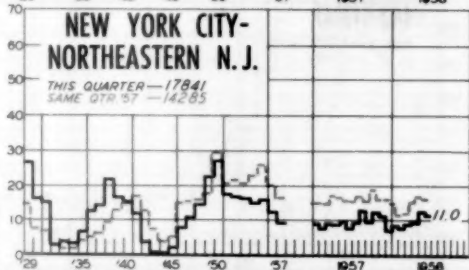
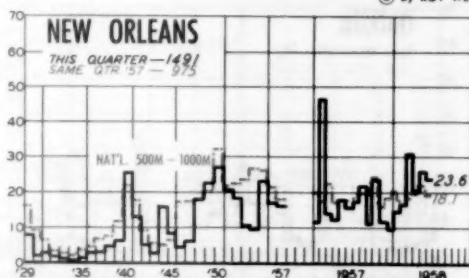
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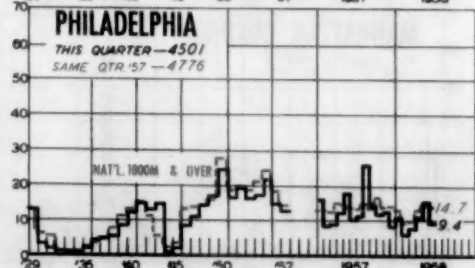
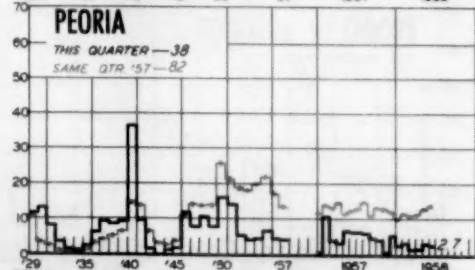
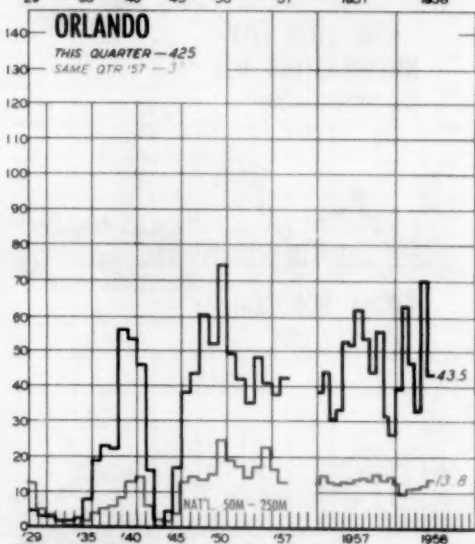
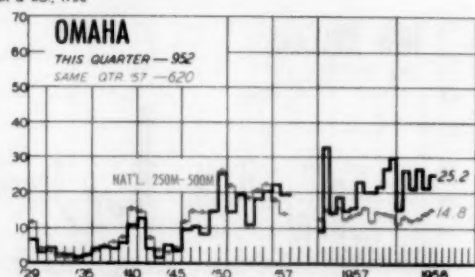
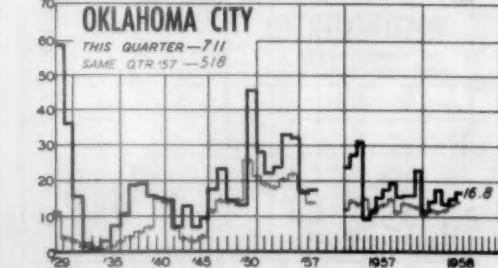
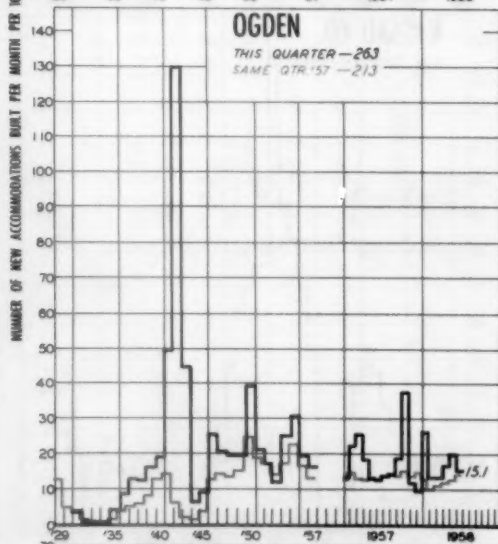
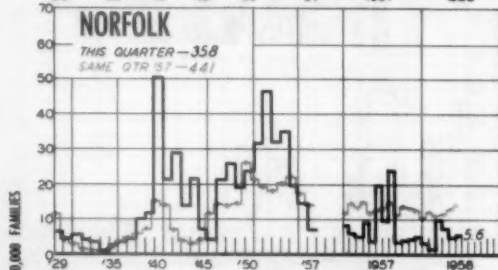
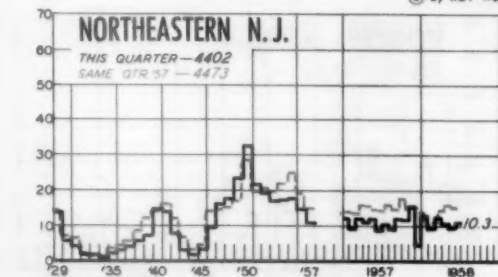
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



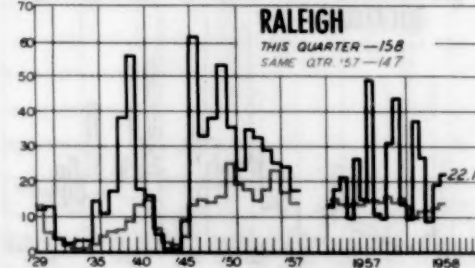
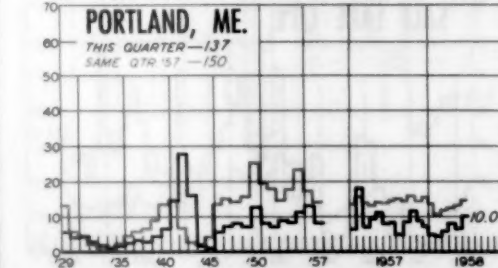
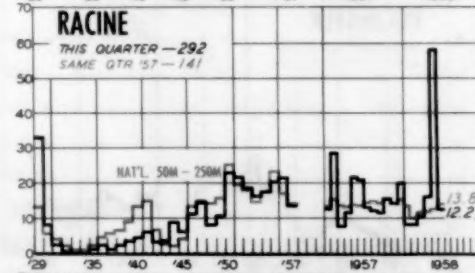
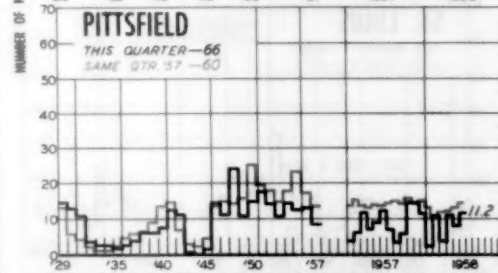
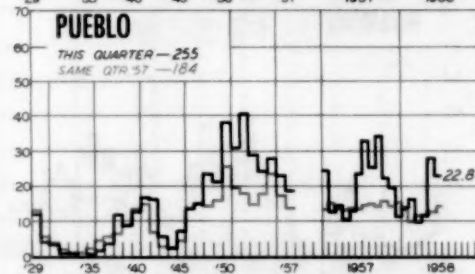
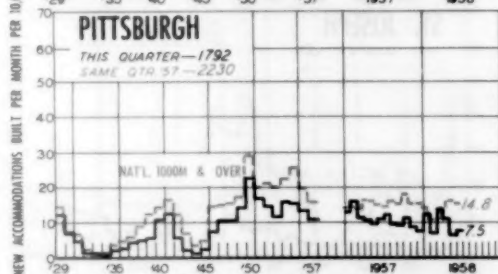
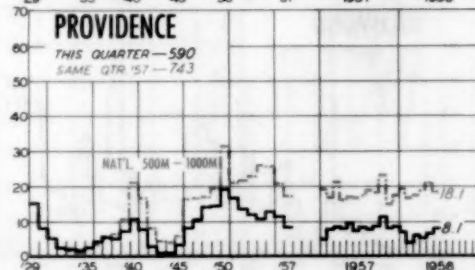
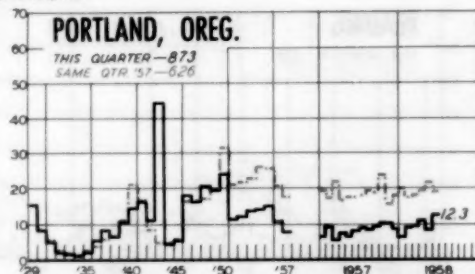
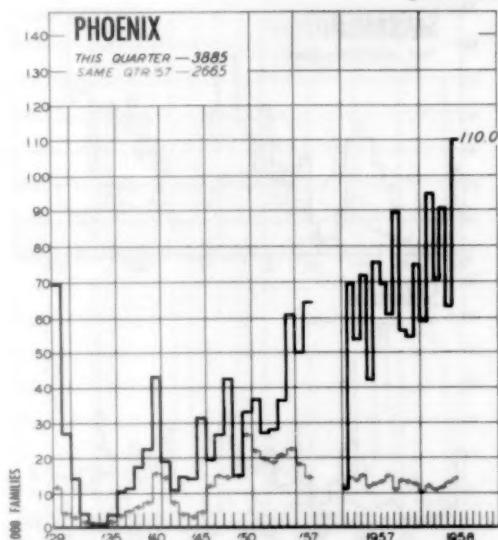
# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

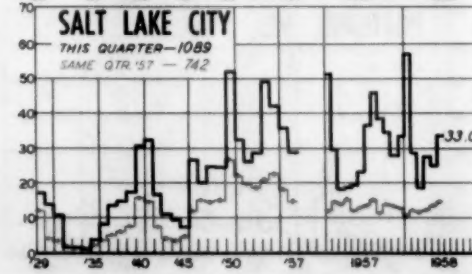
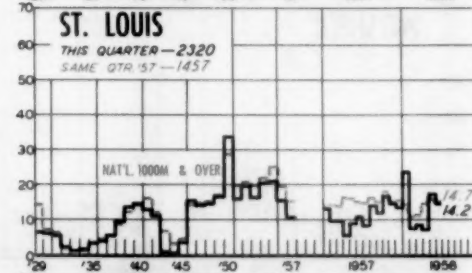
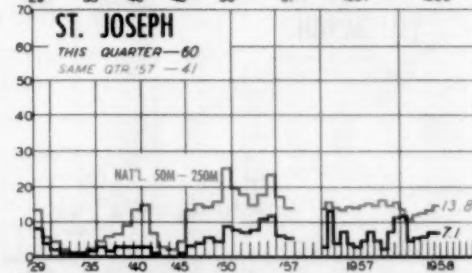
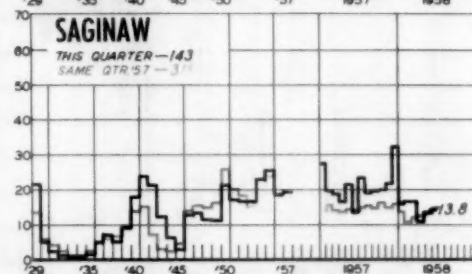
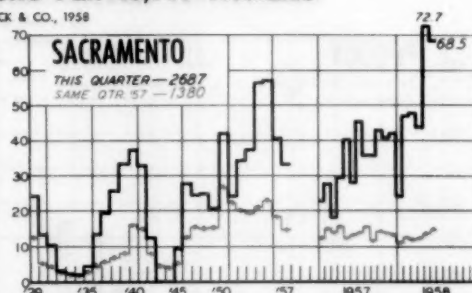
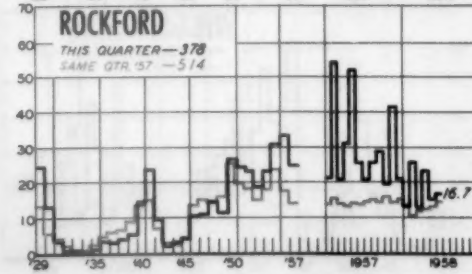
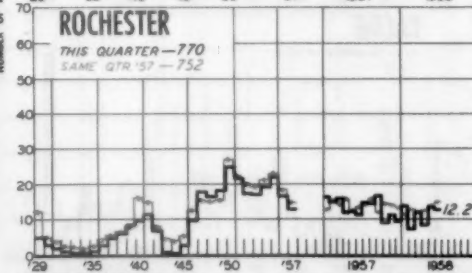
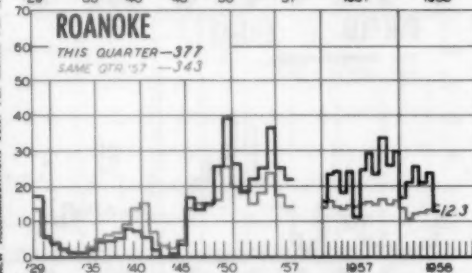
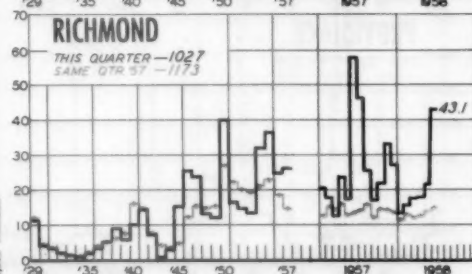
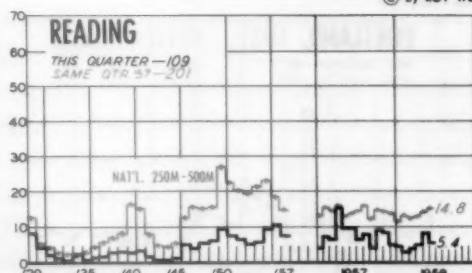
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# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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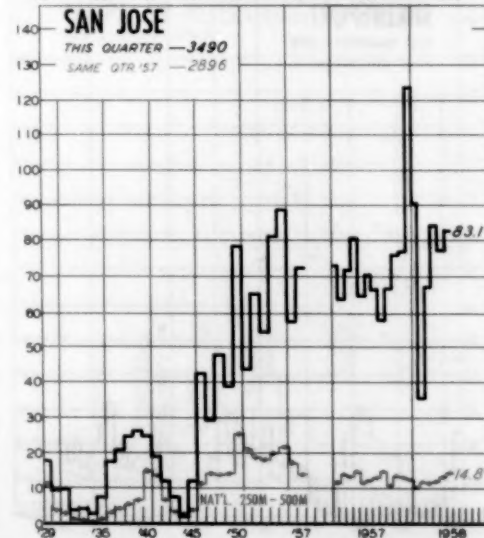
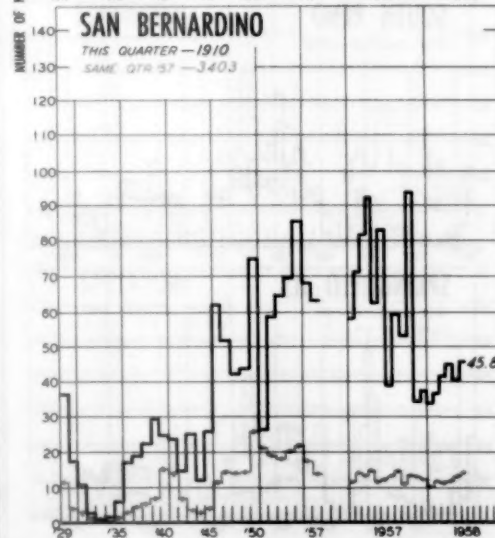
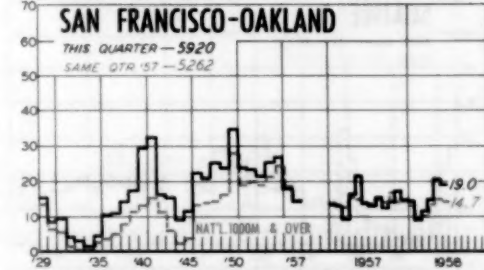
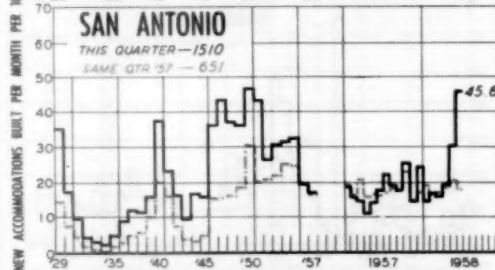
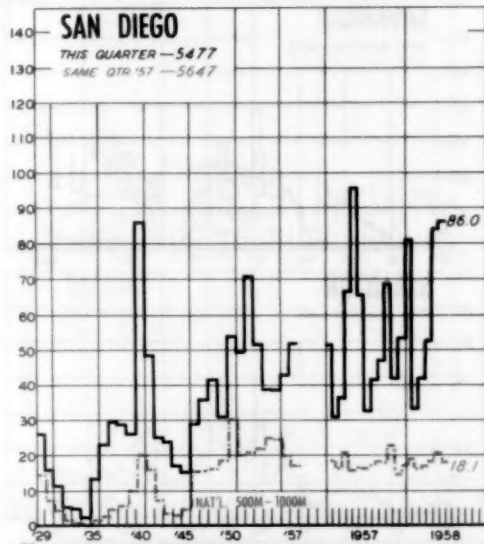
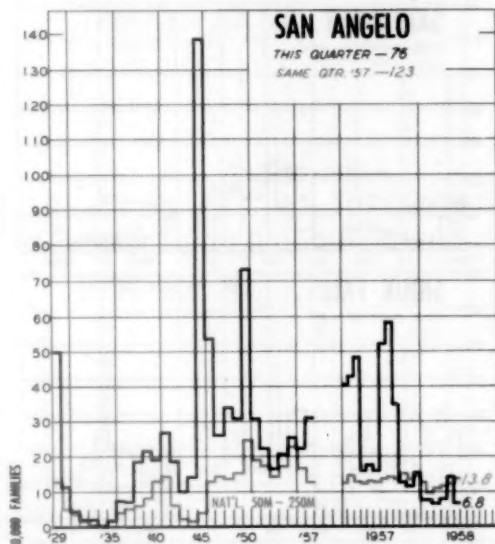
NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES





# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

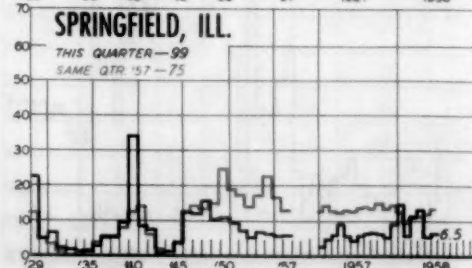
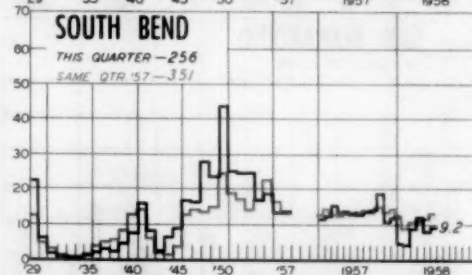
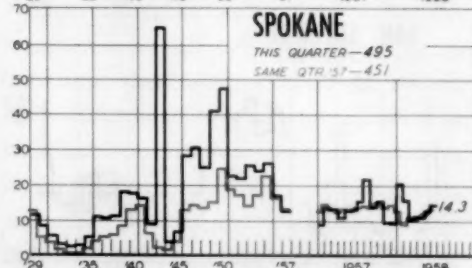
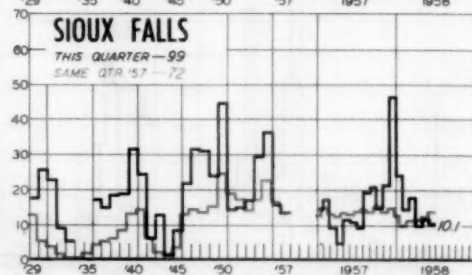
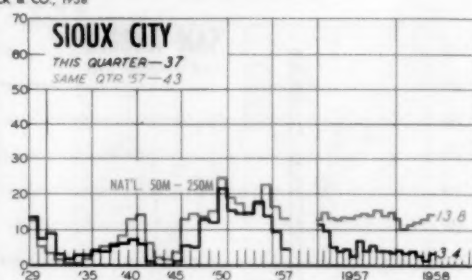
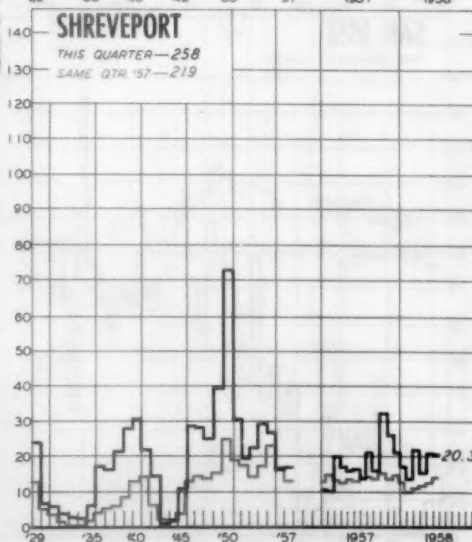
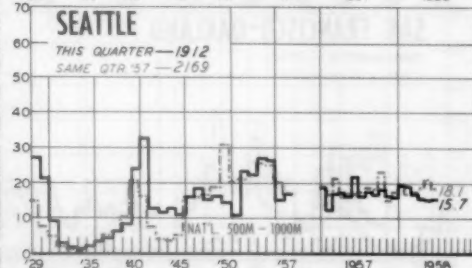
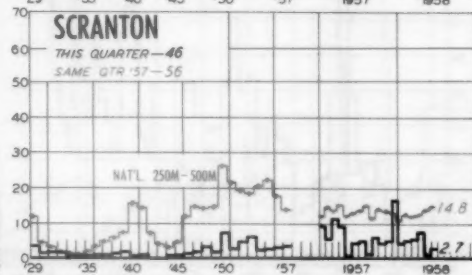
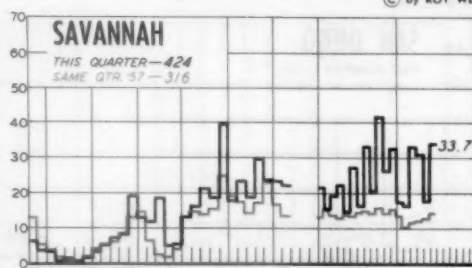
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# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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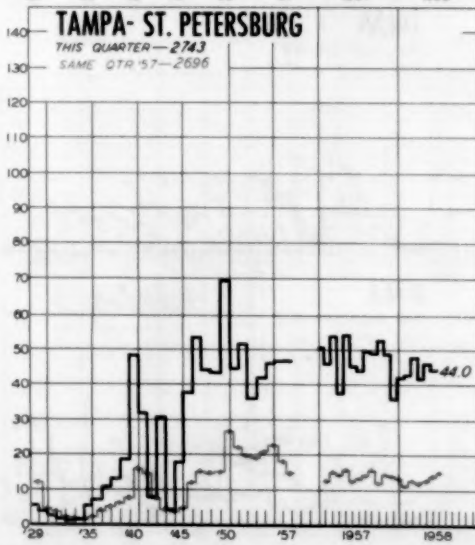
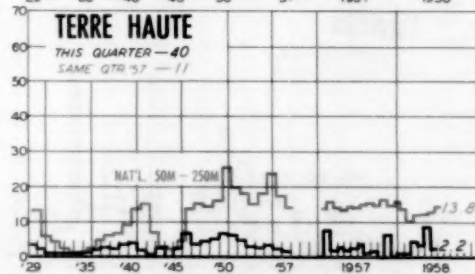
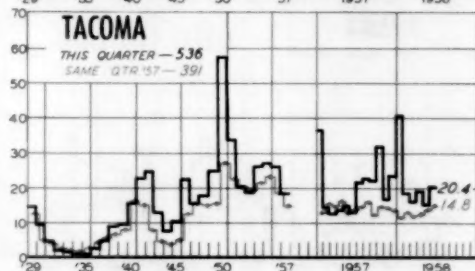
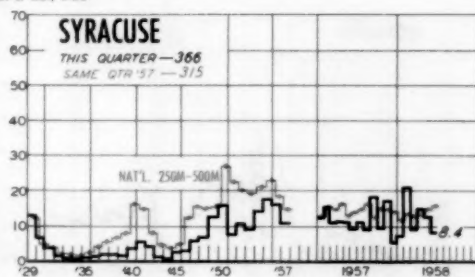
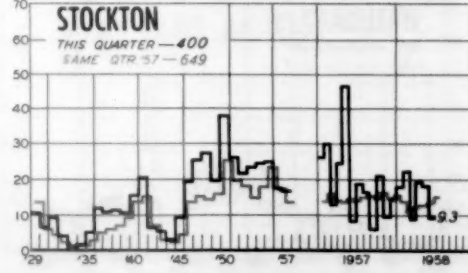
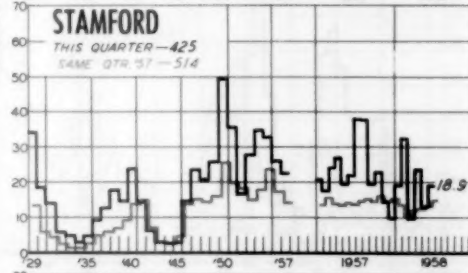
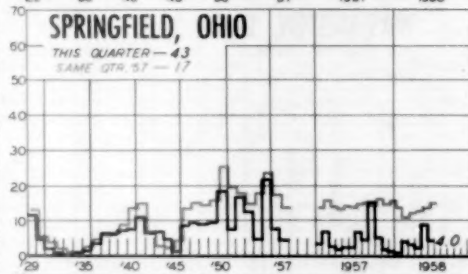
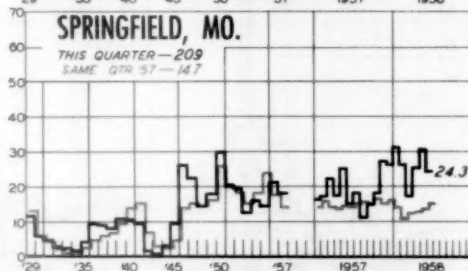
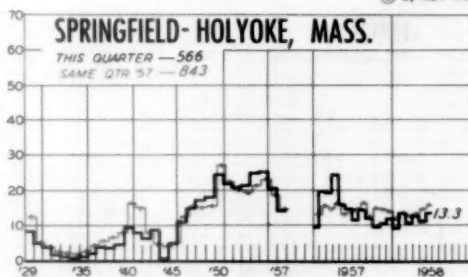
NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

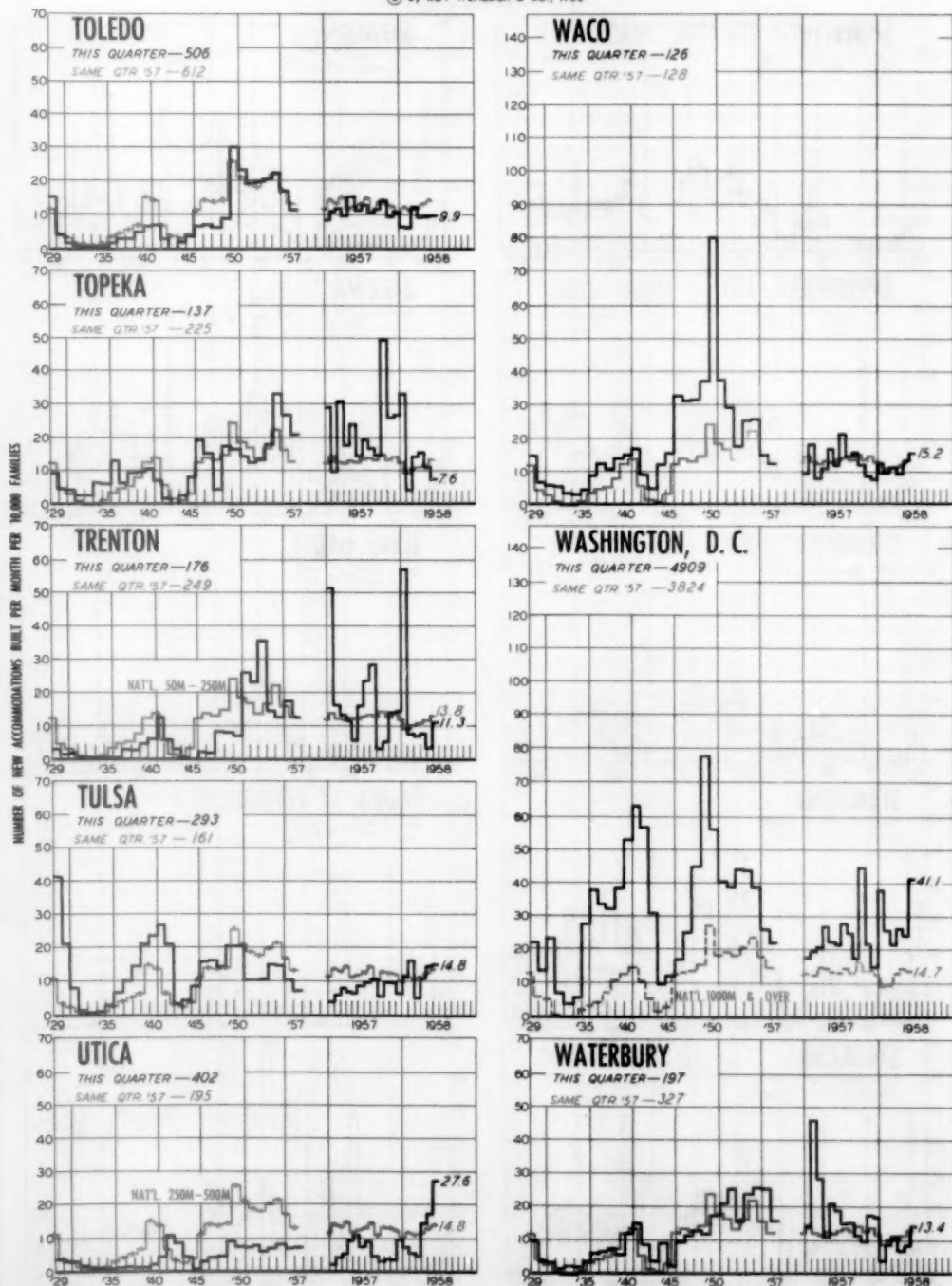
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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES



# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

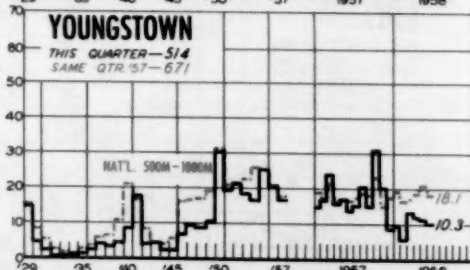
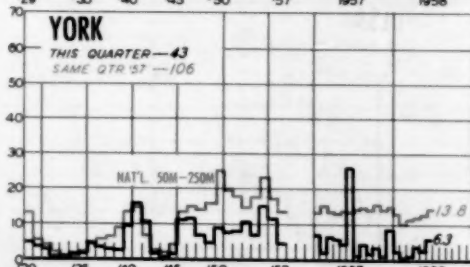
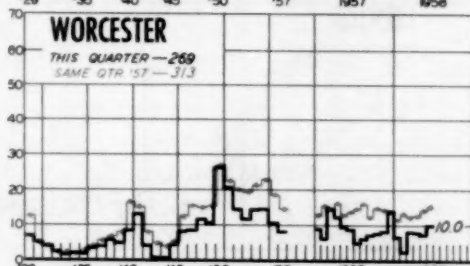
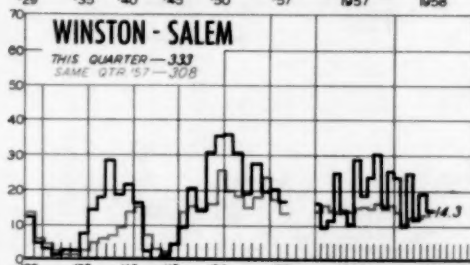
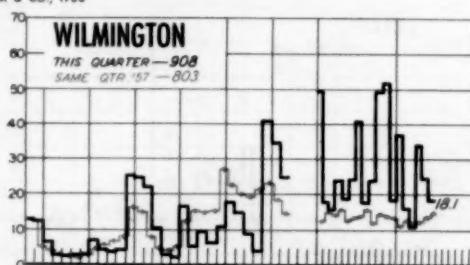
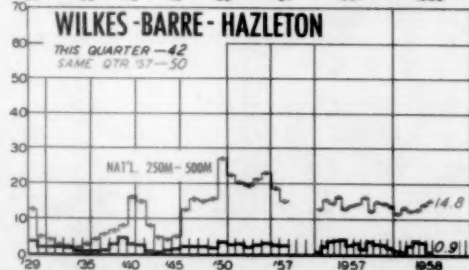
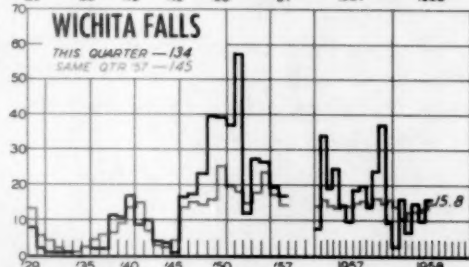
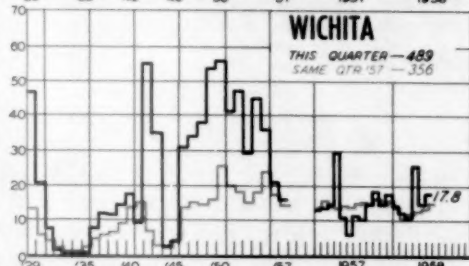
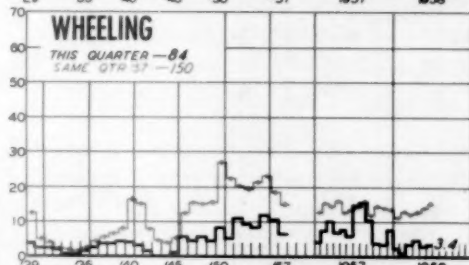
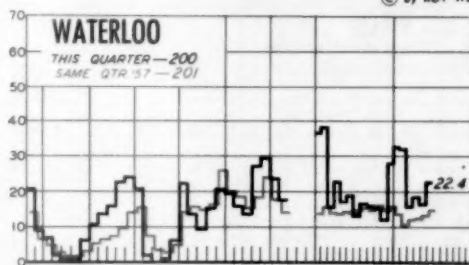
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# NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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NUMBER OF NEW ACCOMMODATIONS BUILT PER MONTH PER 10,000 FAMILIES





(cont. from page 409)

The greatest percentage increases in residential construction occurred in the largest metropolitan areas, where the population ranges upward from 1,000,000, and from 500,000 to 1,000,000, as indicated on the chart on page 409.

Congressional action in April gave impetus to the overall rise. The Senate and House passed a special measure repealing discount controls on both FHA and VA loans and reducing required downpayments on these mortgages. This gave assistance to home buyers and a substantial boost to the home building industry in general. But later in the year Congress failed to pass the housing bill, and a cutback in redevelopment construction can be expected. Their action should not affect bid calls or contract awards - at least in the next few months - for projects nearing the construction stage. Commitments have already been made enabling local authorities to prepare project sites for redevelopers.

Recently the FRB has been putting the squeeze on credit. Fannie Mae has exhausted its funds for low- and moderate-priced housing mortgages, and the rising yields on bonds making mortgages less attractive to investors will eventually result in higher mortgage interest rates, putting a crimp in future residential construction. If the construction industry does not have a strong working-capital base before the effects of tight money are felt, its continued upgrade all over the country could seriously be hampered.

The map on page 410 shows at a glance those metropolitan areas in which the first half of 1958 exceeded the first half of 1957, those cities in which the first half of 1958 was below that of 1957, and those cities in which the 1958 and 1957 figures were practically the same. Of the total metropolitan areas covered, 90 were above the first half of 1957, 81 were below, and 6 remained unchanged.

It is still too early to forecast the volume of residential construction for the months that lie ahead. The increase in building permits issued in the second quarter of this year is encouraging and indicates that an active amount will take place during the next few months, forecasting an increasing demand for building materials and household appliances.